

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6841

BILL NUMBER: HB 1138

DATE PREPARED: Mar 21, 2002

BILL AMENDED: Mar 14, 2002

SUBJECT: Local Government Administration.

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FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: (CCR Amended) This bill contains the following provisions, plus an update of population parameters.

Provision 1. This bill changes the membership of the Lake County Convention and Visitors Bureau.

Provision 2. It authorizes any municipality within the service area of a public or municipal water utility to adopt an ordinance to provide that the charges for the production, storage, transmission, sale and delivery, or furnishing of water for public fire protection purposes must be included in the basic rates of all customers of the utility within the municipality. (Under current law, only the governing body of the governmental unit with the greatest number of customers of the utility may adopt such an ordinance.)

Provision 3. The bill allows certain municipalities to collect fees related to the acquisition, construction, installation, operation, and maintenance of facilities and land for storm water systems through a periodic billing system or through the semiannual property tax statement.

Provision 4. The bill also provides that the clerk of the circuit court in each county may issue hunting, trapping, and fishing licenses. (Current law requires the clerk to issue the licenses.)

Provision 5. This bill changes the date by which the appropriations and annual tax levy ordinance must be passed from the first Monday in September to September 20 for a third class city and September 30 for a second class city.

Provision 6. It provides that a second class city may pay each commissioner on the board of parks an annual salary in an amount fixed by the fiscal body.

Provision 7. It requires the State Treasurer to reduce by 10% the amount of money from riverboat gaming

received by the Lake County Convention and Tourism Bureau and to transfer the amount of the reduction to the Northwest Indiana Law Enforcement Training Center for operating purposes.

Provision 8. The bill also allows, for estimated distributions payable before July 1, 2004, the Property Tax Replacement Fund Board to make an early distribution of property tax replacement credit amounts to one or more counties without making an early distribution to all counties. The bill provides that the Property Tax Replacement Fund Board shall issue guidelines governing application for counties seeking an early distribution.

This bill also updates population parameters to reflect changes in the 2000 decennial census. It makes conforming changes.

Effective Date: (Amended) Upon Passage; July 1, 2002; July 1, 2003.

Explanation of State Expenditures: *Provision 8.* - The state currently makes six Property Tax Replacement Credit distributions to county treasurers each calendar year from the Property Tax Replacement Fund (PTRF). The distributions, in nearly equal amounts, are made in March, April, May, September, October, and November. Under HEA 1001 (2001), the May 2001 distribution was delayed until July 2001. After 2001, the original payment schedule is to be resumed. The Property Tax Replacement Fund Board currently has the authority to authorize early distributions from the PTRF to the counties.

This bill would allow the Board to authorize an early distribution to any number of counties instead of requiring that an early distribution, if any, must be made to all counties. This provision would give the Board additional flexibility in distributing money from the PTRF. Any early PTRF distribution would reduce the amount of interest earned on money in the fund. The actual fiscal impact would depend on the actions of the Property Tax Replacement Fund Board. This provision is effective upon passage.

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) *Provision 1.*- This bill would require the Lake County Convention and Visitors Bureau (Bureau) to have 15, rather than 13, members. Current statute provides that the executives of the six largest municipalities in the county must appoint one member per municipality. The two additional members would be appointed by the executives of the next two largest municipalities in the county.

The Bureau could experience an increase in expenses, as it reimburses its members for necessary duty-related expenses. The Bureau does not pay its members salaries. All expenses of the Bureau are paid from the county Convention, Tourism, and Visitor Promotion Fund. This provision is effective July 1, 2003.

Provision 4.- The bill changes the requirement that the circuit court must provide migratory waterfowl licensing stamps to allow the circuit court to provide the stamps. This provision has no fiscal impact.

Provision 5.- This bill also changes the date by which the appropriations and annual tax levy ordinance must be passed from the first Monday in September to September 20 for a third class city and September 30 for a second class city. Municipalities would experience minimal impact from this provision of the bill, as the change in dates coincide with the timing of local budget processes.

Provision 6.- The bill also provides that a second class city may pay its commissioners an amount

determined by the fiscal body, rather than an amount not greater than \$600. The fiscal impact of this provision is dependent on local action.

Provision 8. - Any early distribution of PTRF money could reduce a county's need to borrow money and therefore could reduce interest expense.

Explanation of Local Revenues: (Revised) *Provision 2.*- This bill provides that any municipality located within the service area of a public or municipal water utility may adopt an ordinance that allows for a new rate schedule to be made for charging customers for public fire protection services. The new rate schedule would eliminate fire protection charges billed directly to those municipalities who choose to enact such an ordinance, except for construction costs for installing new fire hydrants. The schedule would be based on an amount equal to the revenues lost from the elimination of fire protection charges divided by the current number of meters (five-eighths inch).

Currently, only the governing body of the municipality with the greatest number of customers may adopt an ordinance providing that fire protection service costs be recovered through the basic rates of all the utility's customers. According to this provision of the bill, additional municipalities may experience reduced administrative costs associated with the billing of fire protection service charges to customers. The impact of this bill would be dependent on local action.

This provision of the bill does not apply to public utilities or municipally owned water utilities providing services in a county containing a consolidated city and portions of counties that are adjacent to a county containing a consolidated city.

Provision 3.- The bill also allows for municipalities to collect fees for the acquisition, construction, and installation, operation, and maintenance of storm water system facilities and land via a periodic billing system or the semiannual property tax statements of affected owners. The specific fiscal impact is dependent upon local action. This provision is effective upon passage.

Provision 7. - The bill also provides that the Lake County Convention and Visitors Bureau's (Bureau) revenues from riverboat gaming be reduced by 10% by the Treasurer of State. The money would be diverted to the Northwest Indiana Law Enforcement Training Center for operating expenses.

Current law requires that \$0.10 of each \$3 Admission Tax collected from a riverboat to be paid to the convention bureau or the promotion fund of the county in which the riverboat is docked. In FY 2001, the Bureau received approximately \$1.72 M from the \$0.10 distribution of the Riverboat Admission Tax.

Based on the FY 2001 distribution, approximately \$172,000 would be diverted from the Bureau to the Northwest Indiana Law Enforcement Training Center.

State Agencies Affected: Property Tax Replacement Fund Board.

Local Agencies Affected: Municipalities and Counties, Lake County Convention and Visitors Bureau, and Northwest Indiana Law Enforcement Training Center.

Information Sources: